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World Production and Trade

United States
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Weekly
Roundup

WR 5-87

Feb. 4, 1987

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The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

GRAIN AND FEED

EUROPEAN COMMUNITY Plans New Corn Export Restitution Scheme. In a new and unusual move, the European Community (EC) has decided to open a special export restitution tender for 500,000 metric tons of corn. The move is an attempt to help ease the price impact of reduced-levy corn imports on French corn producers. The EC has recently been importing corn at levy reductions of nearly \$40 a ton to help fulfill its agreement with the United States for compensation over the loss of the Spanish corn market. Although the EC exports several hundred thousand tons of corn for aid annually, this would be the first use of a restitution to target third country markets. The EC is facing a corn deficit and is expected to import several million tons of corn in 1986/87.

IRAQ Purchases U.S. Rice. Iraq has purchased 180,000 tons of U.S. rice for March-May delivery reportedly at around \$205 per ton, free on board (FOB). For fiscal 1987, USDA has allocated \$100 million in GSM-102 credit guarantees for rice; \$61 million has been used to purchase 295,000 tons of rice. The United States is expected to supply about two-thirds of Iraq's calendar year 1987 estimated imports of 600,000 tons.

COTTON AND FIBERS

INDONESIA Deregulates Cotton Imports. The U.S. agricultural counselor in Jakarta reports that Indonesia has continued to deregulate its import trade by decreeing that cotton not carded or combed, which makes up the vast majority of Indonesian cotton imports, can be directly imported by companies that use cotton in their production process. These companies, primarily textile manufacturers, must still fill 10 percent of their needs with domestically produced cotton; however, most spinners do not view this as a major burden. U.S. traders have complained in the past about the bureaucratic requirements of exporting to Indonesia. Now, with this decree, domestic spinners have been successful in persuading the Indonesian government to return all cotton imports to the private sector.

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TURKEY Revises Cotton Import/Export Policy Again. Turkey has once again imposed a tax on cotton exports, according to the U.S. agricultural attache in Ankara. These exports were subject to an export subsidy this past fall. Meanwhile, an import tax that jumped from \$1 to \$100 per metric ton has now been reduced back to \$1 per metric ton. This new policy will discourage exports while making imports cheaper. The Turkish government's objective is to aid the domestic textile industry by reducing the domestic market price to internationally competitive levels. This policy change may provide further opportunities in Turkey for U.S. cotton exporters.

CHINA Signs Trade Accord With PAKISTAN. According to the U.S. embassy in Islamabad, China signed an agreement to import 10,000 tons of cotton, among other things, from Pakistan. The joint China-Pakistan committee proposed that there should be a high-level review at six-month intervals to oversee the implementation of the accord. The 10,000 tons represents about half of China's annual cotton imports for the past two years. The United States exported no cotton to China in 1985/86.

TOBACCO

U.S. Tobacco Exports Surge in December. U.S. unmanufactured tobacco exports during December totaled 48,189 tons, valued at \$247 million, up 17 percent in volume and 4 percent in value from a year ago. The December export volume was the highest single-month export level in 10 years and the highest December level since 1977 when shipments totaled 46,400 tons. The large December volume was a partial recovery from the reduced export levels of the slow July-October period. For calendar year 1986, leaf shipments totaled 214,013 tons, valued at \$1.21 billion, down 14 percent in volume and 20 percent in value from 1985. However, most of the 1986 volume and value decline in unmanufactured tobacco was due to marked increases in exports of bulk smoking tobacco (a manufactured category), which reduced the unmanufactured leaf volume, and from last year's reduction in the price-support levels.

FRUITS

FRANCE Continues To Subsidize Orchard Rejuvenation. According to the U.S. agricultural counselor in Paris, the French office of Fruits, Vegetables and Horticultural Products (ONIFLHOR) is again alerting fruit growers that government support for the renovation of orchards is available. Members of producer groups that have been approved by the Ministry of Agriculture are eligible to receive subsidies equivalent to approximately 13 percent of the cost of purchasing and maintaining new plantings (8.5 percent for peaches and pears), as well as loans at preferential interest rates for growers already receiving subsidies.

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According to ONIFLHOR, government subsidies for orchard renovation exceeded U.S.\$31.7 million from 1979 through the end of the 1985/86 season. During this period, more than 25,000 hectares of orchards were planted with the aid of subsidies. Many apple growers have seized this opportunity to restructure the varietal composition of their orchards. There is a clear trend away from replantings of golden delicious, in favor of the consumer-preferred early Red American and Granny Smith varieties.

COFFEE

Coffee Production Outlook for 1986/87 May Be Lower than Earlier Estimates for Several Countries. U.S. agricultural attaches in several countries have lowered their estimates for the 1986/87 coffee crop since the Dec. 10, 1986 world production release (See WR 49-86). In Colombia, the production estimate for 1986/87 was revised to 11.8 million 60-kilogram bags from the December estimate of 12.4 million. Pruning below recommended levels, together with unfavorable weather conditions and reduced grower incentives, were the major reasons for the expected lower output.

Coffee production in 1986/87 for Cote D' Ivoire (Ivory Coast) is now estimated at 3.84 million bags, down 18 percent from the 4.70-million-bag estimate made in December, according to the U.S. agricultural attache in Abidjan. After the harvest was underway, it became apparent that insufficient rainfall during the growing season had had a greater impact than earlier anticipated. Although cherry set was favorable, lack of rain, especially in July and August, hindered cherry development.

Guatemala's coffee production estimate for 1986/87 was reduced to 2.6 million bags from the 2.950 estimate made in December because of a delay in ripening of fruit due to low rainfall in September/October. Also, reduced fertilizer and pesticide applications caused by increased costs are now expected to reduce output from earlier assessments. Honduras' production was revised downward to 1.3 million bags from the earlier estimate of 1.6 million.

In January, the U.S. agricultural counselor in Mexico City revised Mexico's 1986/87 coffee production estimate to 4.5 million bags, down from the December 10th estimate of 4.7 million (WR 1-87).

CREDIT NOTES

GSM-102 Action Announced for TUNISIA. USDA provided an addition \$7 million in guarantees for barley for Tunisia.

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GSM-103 Action Announced for IRAQ. USDA announced an additional \$26 million in intermediate term credit guarantees for Iraq. The guarantees cover tobacco, protein concentrates and frozen meat.

Public Law 480 Actions Announced for ZAIRE and MOROCCO. Zaire signed its fiscal \$14 million 1987 P.L. 480 agreement which provides for 50,000 tons of wheat, 30,000 tons of rice and 15,000 bales of cotton. Morocco signed an agreement for 126,000 tons of wheat, 55,000 tons of feedgrains and 55,000 tons of vegetable oil.

EXPORT ENHANCEMENT INITIATIVES

The status of USDA's Export Enhancement Program as of Jan. 29, 1987, was as follows in metric tons:

ANNOUNCED INITIATIVES	DATE ANNOUNCED	QUANTITY/RESULTS
62. Nigeria wheat	Jan. 28, '87	500,000
61. China wheat	Jan. 26, '87	1,000,000
60. Iraq wheat	Jan. 16, '87	800,000
59. Switzerland barley or sorghum	Jan. 16, '87	250,000
58. Poland wheat	Jan. 7, '87	500,000 Sold 31,000
57. Poland barley or sorghum	Dec. 31, '86	200,000
56. Romania wheat	Dec. 23, '86	250,000
55. Iraq poultry	Dec. 22, '86	60,000
54. Dominican Republic table eggs	Dec. 9, '86	25 million Sold 6.7 million
53. Zanzibar wheat flour	Dec. 9, '86	20,000
52. Tunisia barley	Dec. 1, '86	150,000
51. Gulf countries (Bahrain, Kuwait, Oman, Qatar, United Arab Emirates) dairy cattle	Oct. 30, '86	1,500 head Sold 275
50. West Africa (Cameroon, Cote d'Ivoire, Ghana, Togo) wheat	Oct. 30, '86	345,000
49. Dominican Republic poultry	Oct. 29, '86	1,500 Sold 1,133
48. Philippines barley malt	Oct. 20, '86	60,000 Sold 25,000
47. Cameroon wheat flour	Oct. 14, '86	20,000
46. Romania barley	Sept. 24, '86	200,000 Sold 125,000
45. Venezuela barley malt	Sept. 4, '86	100,000
44. Cyprus barley	Aug. 26, '86	150,000 Sold 75,000
43. Canary Islands wheat	Aug. 8, '86	100,000
42. Egypt semolina	Aug. 6, '86	30,000 Sold 15,000
41. Soviet Union wheat	Aug. 1, '86	4,000,000 EXPIRED
40. Canary Is. dairy cattle	July 28, '86	3,000 head

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EXPORT ENHANCEMENT PROGRAM INITIATIVES (CONT)

39. Hong Kong table eggs	July 28, '86	44 million eggs	Sold 22.0 million
38. Senegal wheat	July 17, '86	100,000	COMPLETE
37. India vegetable oil	July 8, '86	25,000	COMPLETE
36. Jordan barley	June 17, '86	60,000	
35. Israel barley	June 17, '86	200,000	Sold 36,200
34. Tunisia dairy cattle	May 29, '86	4,000 head	COMPLETE
33. Algeria dairy cattle	May 29, '86	5,000 head	
32. Sri Lanka wheat	May 16, '86	125,000	Sold 75,000
31. Saudi Arabia barley	May 7, '86	500,000	COMPLETE
	Aug. 6, '86	250,000	COMPLETE
	Sept. 16, '86	300,000	COMPLETE
	Oct. 8, '86	200,000	COMPLETE
			(201,000)
	Jan. 5, '87	1,250,000	Sold 290,000
30. Algeria barley	Apr. 17, '86	500,000	
29. Morocco dairy cattle	Apr. 16, '86	4,000 head	Sold 3,987
28. Turkey dairy cattle	Apr. 16, '86	5,000 head	
27. Egypt dairy cattle	Apr. 16, '86	6,000 head	COMPLETE
	Sept. 12, '86	10,000 head	Sold 1,855
26. Yemen poultry feed	Apr. 14, '86	150,000	
25. Yugoslavia wheat	Apr. 10, '86	200,000	COMPLETE
	June 24, '86	200,000	COMPLETE
	Oct. 7, '86	500,000	Sold 60,950
24. Indonesia dairy cattle	Apr. 9, '86	7,500 head	COMPLETE
23. Syria wheat	Apr. 8, '86	700,000	CANCELLED
22. Benin wheat	Apr. 7, '86	45,000	Sold 30,000
21. Algeria table eggs	Apr. 4, '86	500 million eggs	
20. Iraq dairy cattle	Apr. 4, '86	6,500 head	Sold 200
19. Jordan wheat	Mar. 19, '86	75,000	COMPLETE
	June 20, '86	75,000	COMPLETE
	Dec. 31, '86	225,000	
18. Tunisia wheat	Mar. 18, '86	300,000	COMPLETE
	Aug. 22, '86	800,000	Sold 250,000
17. Algeria wheat flour	Feb. 25, '86	100,000	
16. Algeria semolina	Feb. 11, '86	250,000	Sold 30,000
15. Philippines wheat	Jan. 7, '86	150,000	COMPLETE
			(152,400)
14. Zaire wheat	Dec. 27, '85	40,000	COMPLETE
	May 15, '86	40,000	COMPLETE
	Oct. 17, '86	40,000	Sold 25,000
13. Nigeria barley malt	Dec. 10, '85	100,000	Sold 15,800
12. Iraq wheat flour	Dec. 9, '85	150,000	Sold 125,000
	Jan. 7, '87	175,000	
11. Egypt poultry	Nov. 26, '85	8,000	COMPLETE
	Mar. 21, '86	15,000	COMPLETE
	June 18, '86	5,000	COMPLETE
	July 8, '86	15,000	COMPLETE
	Dec. 19, '86	25,000	

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EXPORT ENHANCEMENT PROGRAM INITIATIVES (CONT)

10. Zaire wheat flour	Nov. 18, '85	64,000	COMPLETE
	May 15, '86	30,000	Sold 15,000
9. Philippines wheat flour	Nov. 15, '85	100,000	Sold 50,000
8. Jordan rice	Nov. 8, '85	40,000	Sold 38,700
	Jan. 13, '87	60,000	
7. Turkey wheat	Oct. 16, '85	500,000	COMPLETE (506,600)
	May 8, '86	500,000	Sold 100,000
6. Morocco wheat	Sept. 30, '85	1,500,000	Sold 1,390,000
	Dec. 9, '86	790,000	
5. Yemen wheat	Sept. 6, '85	100,000	COMPLETE
	Jan. 26, '87	100,000	
4. Yemen wheat flour	Aug. 20, '85	50,000	COMPLETE
	Apr. 14, '86	100,000	Sold 63,000 LT
3. Egypt wheat	July 26, '85	500,000	COMPLETE
	Oct. 30, '85	500,000	COMPLETE (512,500)
	June 24, '86	500,000	COMPLETE
	July 29, '86	52,000	Sold 29,000
	Oct. 8, '86	1,000,000	Sold 406,000
2. Egypt wheat flour	July 2, '85	600,000	COMPLETE
	Aug. 6, '86	600,000	
1. Algeria wheat (ex durum)	June 4, '85	1,000,000	COMPLETE
wheat (ex durum)	Apr. 10, '86	1,000,000	Sold 354,000
durum	Nov. 10, '86	300,000	Sold 240,000

EXPORT ENHANCEMENT PROGRAM SUMMARY

Status as of Jan. 29, 1987

Announced to Date 22,693,730 grains and products (grain equivalent)
 569 million table eggs
 129,500 tons frozen poultry
 52,500 head dairy cattle
 25,000 tons vegetable oil

Sold to Date 7,292,459 wheat
 1,326,872 flour (grain equivalent)
 1,777,200 barley
 61,650 semolina (grain equivalent)
 54,399 barley malt (grain equivalent)
 38,700 rice
 25,000 vegetable oil
 44,133 frozen poultry
 23,817 head dairy cattle
 28,734,000 table eggs

Total Sales Value: \$1,065.0 million
 Estimated Bonus Book Value: \$678.4 million.

TARGETED EXPORT PROMOTION PROGRAM

No announcements were made under USDA's Targeted Export Promotion Program this week.

Selected International Prices

Item	:	February 3, 1987	:	Change from	:	A year
	:		:	a week ago	:	ago
<hr/>						
ROTTERDAM PRICES 1/		\$ per MT	\$ per bu.	\$ per MT		\$ per MT
Wheat:						
Canadian No. 1 CWRS-13.5%.10/	153.00	4.16	-1.00	N.Q.		
U.S. No. 2 DNS/NS: 14%....	143.00	3.89	-2.00	174.00		
U.S. No. 2 S.R.W.	144.00	3.92	-1.00	151.50		
No. 3 H.A.D.....10/	157.00	4.27	+1.00	164.00		
Canadian No. 1 A: Durum.10/	165.00	4.49	+1.50	N.Q.		
Feed grains:						
U.S. No. 3 Yellow Corn....	80.50	2.19	-1.00	117.00		
Soybeans and meal:						
U.S. No. 2 Yellow.....	201.60	5.49	-1.75	216.50		
Brazil 47/48% Soya Pellets	206.00	--	+7.00	201.00		
U.S. 44% Soybean Meal.....	189.00	--	+8.00	178.00		
U.S. FARM PRICES 3/						
Wheat.....	92.12	2.48	-1.47	110.95		
Barley.....	N.Q.	--	--	N.Q.		
Corn.....	56.30	1.43	-1.18	90.55		
Sorghum.....	52.69	2.39 2/	-0.66	78.81		
Broilers.....	1,099.21	--	+13.67	1,082.68		
EC IMPORT LEVIES						
Wheat 5/.....	227.35	6.18	+3.90	136.45		
Barley.....	217.20	4.73	+5.50	126.15		
Corn.....	210.40	5.34	+7.90	109.45		
Sorghum.....	209.75	5.33	+5.50	117.85		
Broilers 4/ 6/ 8/.....	495.00	--	+1.00	251.00		
EC INTERVENTION PRICES 7/ 9/						
Common wheat(feed quality)	215.15	5.86	+2.40	176.30		
Bread wheat (min. quality)	225.45	6.13	+2.50	187.70		
Maize.....	225.45	5.73	+2.50	176.30		
Barley and all other feed						
grains, excluding maize.	215.15	--	+2.40	176.30		
Broilers 4/ 6/.....	1,712.00	--	+11.00	1,306.00		
EC EXPORT RESTITUTIONS (subsidies)						
Wheat	153.55	4.17	-9.25	N.A.		
Barley.....	157.00	3.42	--	89.30		
Broilers 4/ 6/ 8/.....	389.00	--	+1.00	217.00		

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ Changes may be due partly to exchange rate fluctuations and/or ECU payments. 10/ April/May delivery. N.A.=None authorized. N.Q.=Not quoted. Note: Basis February delivery.

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